

S-E-C-R-E-T

11 September 1967

LA STAFF NOTE

SUBJECT: Panama and Our SNIE about It*

1. The keynote of our SNIE on Panama, published on 4 May 1967, was a warning of serious trouble in store as the Panamanian presidential campaign and the issue of new Canal treaties impinged on a situation none too stable in the first place. We would like to echo that warning now.

2. The estimate discussed the interactions of the treaties and Panamanian politics in terms of three possible scenarios: Case A, in which negotiation of the treaties was completed and President Robles submitted them to a special session of the Panamanian Assembly by September 1967; Case B, in which the negotiations were completed before the election in May 1968 but the treaties not submitted for ratification; and Case C, in which the negotiations were not completed before the election. We concluded that Case B would be the one with the greatest disadvantages, as concerns both the prospects for the treaties and for stability in Panama. Now, the course of actual events has swept by Case A, and brought us smack up to Case B.

* OCI is preparing a memorandum noting and commenting on recent developments in Panama. We have reviewed this memorandum and find it excellent.

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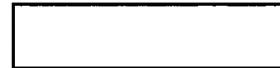
3. Since President Robles himself has not yet signed the draft treaties, he still has a way out -- and a way which may appeal to him politically whatever it may do to the chances of obtaining reasonable Canal treaties with the US. He can receive the report of the Panamanian advisory council which has been reviewing the draft treaties, and announce that on close examination they are found to be unfair to Panama in important respects. He can then propose a new round of negotiations.

4. Such tactics would tend to focus Panamanian criticism on the US and away from the Robles government. This would be particularly so (and particularly useful to Robles politically) in the event the US should refuse to renew negotiations or, once renewed, should break them off quickly. If, on the other hand, Robles managed to keep some vestige of negotiations going until after the elections, he would have avoided one key disadvantage of Case B and taken on instead the lesser political problems of Case C. However difficult those problems, at least the candidates of the coalition Robles supports would not have to defend the draft treaties as their de facto platform.

5. In any case, we must look ahead to a period of new friction in US-Panamanian relations. With the possibilities of Case A gone by the boards, there is small chance of getting

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satisfactory treaties completed until after a new administration takes office in October 1968. An increase in anti-US sentiment in Panama is likely as the election campaign there becomes hotter, and, if Robles does take the course noted above, the increase would be large. Thus (to quote from the SNIE): "The danger of serious disorders will probably become somewhat greater than at present, and could become much greater."



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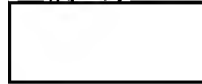
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MEMORANDUM FOR: The Director

Here is a note by our Latin America Staff Chief on Panama and our recent SNIE. You may wish to have it by you in case the matter comes up at the SIG.

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Sherman Kent

12 September 1967
(DATE)

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